



Town of Wenham

Selectmen / Town Administrator
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MEMORANDUM

TO: Board of Selectmen
FROM: Peter Lombardi, Town Administrator
RE: Town Administrator's Report
DATE: February 6, 2018

FY19 Budget

While the Finance & Advisory Committee continues to meet with Departments Heads regarding their FY19 requests and some minor adjustments have been made as we work through our budget process, no major policy changes have been recommended to date. We are currently set to increase town expenses by 2.0% from FY18 to FY19. Accordingly, when we meet with the School Committee tomorrow night, we expect that an operating override is still very likely going to be needed for next year. Based on the critical priorities budget that Superintendent Harvey submitted a month ago and accounting for the School Committee's announced intention to cut user fees by 50% in FY19, we now expect the HWSRD operating expense to increase by 5.4%.

If the HWSRD budget is approved at this amount, we project to exceed our levy limit by \$365k, \$214k of which is due to the continued student enrollment shift. Since our FY19 assessment rate is just over 35%, the schools would have to cut \$1.032M from their proposed budget to fit within our levy limit. As a reminder, their level service budget projected to increase by 3.56% over FY18 and the 4.83% increase recommended for critical priorities included \$400k in additional costs. Accordingly, even a level service budget would still leave the total HWSRD budget about \$450k above what the Town could accommodate under the levy limit next year.

As has been previously discussed, if an operating override is needed, our budget articles will be structured accordingly on the warrant, with one article including all town expenses and the school expenses we can accommodate within the levy (2.5%) and a separate article including the balance needed to fully fund the school budget as adopted by the School Committee. Based on the correspondence that we sent to the School Committee on January 24 expressing our financial constraints, the Hamilton Selectboard and Finance Committee now intends to structure their FY19 budget warrant articles in a similar manner, although they would not have an override vote at the ballot since they currently have ample levy capacity.

For the HWRSD debt exclusions planned for FY19, the School Committee is still seeking \$1.0M for the Winthrop sprinkler and fire alarm system (a figure which will be further refined in the next few weeks) but are now opting to not move forward with \$3.6M for the turf field project at this time but instead will seek \$2.6M for a number of smaller projects related to Safety, Accessibility, and Capital Infrastructure. If both debt exclusions are approved at Town Meeting and the ballot, residents will see a significant increase in the FY19 tax rate resulting from new annual debt payments of approximately \$300k for these projects (assuming a 20-year term). As a reminder, just over \$700k in annual debt payments for the Middle School will drop off starting in FY20.

Personnel

The Recreation Department is now accepting applications for summer employment opportunities, including gate attendants and lifeguards at the Veterans Memorial Pool and counselors at the Patton Park Summer Camp. Residents are also encouraged to register for pool passes and summer camp as well. Details can be found on the Recreation website, <http://hwrecreation.com>.